

**DRAFT**

DATED 8/20/80

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES  
BOARD OF OIL, GAS, AND MINING  
1588 West North Temple  
Salt Lake City, Utah 84116

MINED LAND RECLAMATION AGREEMENT

(ESCROW)

THIS AGREEMENT, made and entered into this \_\_\_\_ day of \_\_\_\_\_, 1980, between Rio Algom Corporation, a corporation duly authorized and existing under and by virtue of the laws of the State of Delaware as party of the first part, and hereinafter called the Operator, and the Board of Oil, Gas, and Mining, duly authorized and existing by virtue of the laws of the State of Utah as party of the second part, hereinafter called the Board.

W I T N E S S E T H :

WHEREAS, the Operator is the owner of the Lisbon Mine on owned and leased mining claims in portions of Sections 21, 22, 27 and 28, Township 29 South, Range 24 East, SLBM, San Juan County, Utah.

WHEREAS, the Operator did in August, 1976 file with the Division of Oil, Gas, and Mining, a "Notice of Intention to Commence Mining Operations" and a "Mining and Reclamation Plan" to secure authorization to engage, or continue to engage, in mining operations in the State of Utah, under the terms and provisions of the Mined Land Reclamation Act, Section 40-8, UCA, 1953; and whereas the Mining and Reclamation Plan was revised on the 24th of June, 1977 and refiled with the Division of Oil, Gas, and Mining; and whereas the Mining and Reclamation Plan was revised again on the \_\_\_\_ day of \_\_\_\_\_, 1980 and refiled with the Division of Oil, Gas, and Mining.



WHEREAS, the Operator and the Board did in November, 1979 execute a Mined Land Reclamation Agreement and an Escrow Agreement covering reclamation of the mill site but excluding reclamation of the two mine shafts.

WHEREAS, the Operator is able and willing to reclaim the above-mentioned mine shafts in accordance with the approved mining and reclamation plan, the Mined Land Reclamation Act and the rules and regulations adopted in accordance therewith.

WHEREAS, the Board has considered the factual information and recommendations provided by the staff of the Division of Oil, Gas, and Mining as to the magnitude, type and costs of the approved reclamation activities planned for the lands affected.

WHEREAS, the Board is cognizant of the nature, extent, duration of operations, and the fact that the Operator has chosen not to obtain a surety bond.

NOW, THEREFORE, for and in consideration of the mutual covenants of the parties by each to the other made and herein contained, the parties hereto agree as follows:

1. The Operator promises to reclaim the lands affected in accordance with the approved Mining and Reclamation Plan, the Mined Land Reclamation Act, and the rules and regulations adopted in accordance therewith.
2. The Operator, in lieu of posting a bond or other surety hereby agrees to deposit Three Thousand, ~~Five~~ <sup>Six</sup> Hundred and ~~Fifty-Three~~ <sup>Seventy-Two</sup> Dollars (\$3,553.00), commencing on the \_\_\_\_ day of \_\_\_\_\_, 1980, and on the same date each year thereafter, in what will be hereinafter referred to as the Escrow Fund, until such time as said Escrow Fund contains Twenty-Four ~~Five~~ Thousand, ~~One Hundred and Sixty-Seven~~ <sup>Twenty-Four</sup> Dollars (\$24,167.00), or such lesser amount provided for by paragraph 4 herein.



3. Interest received by the Escrow Fund shall be deposited to the credit of the Escrow Fund as earned. After the total amount, including principal and interest accruing to the Fund, on deposit in the Escrow Fund reaches Twenty-Four<sup>Five</sup> Thousand, ~~One Hundred and Sixty-Seven~~ Dollars (\$24,167.00), <sup>25,000</sup> or such lesser amount provided for by paragraph 4 herein, then annual payments shall cease and all interest earned by the Escrow Fund shall be paid or transferred to the Operator.
4. If prior to the termination of the expected life of the facility, the Operator completes any work which is required to be performed pursuant to the approved Notice of Intent and Reclamation Plan, then the total amount required to be deposited in the Escrow Fund shall be reduced by the cost of such work as indicated by an accounting of costs for the work supplied to the Board by the Operator. Allowance shall be made for inflation of the cost of said work from the time that said work was performed to the end of the 5 year period. Credits for reclamation work done prior to the contract term shall only be applied to the total amount of the Escrow Fund, not to annual payments which will remain the same.
5. If the subject mining operations terminate prior to the time anticipated in the Mining Application filed with the State of Utah, Department of Natural Resources, then the Operator will be responsible for implementation of the reclamation work in accordance with its approved Reclamation Plan, but will not be obliged to make any further deposits to the Escrow Fund under this agreement, after the termination date of such operations unless the total amount contained in the fund is not sufficient to complete the remaining reclamation work.
6. After termination of mining operations on the subject property the Operator shall be entitled to withdraw or transfer monies from the Escrow Fund, including the allowance for inflation for all that work completed in compliance with the Reclamation Plan and approved by the Board. The amounts to be withdrawn or transferred from the Escrow Fund shall be determined by certified itemized receipts for expenditures presented to the Division of Oil, Gas, and Mining for the cost of such work as incurred by the Operator and the inflation thereon. A certificate made by the Operator as to completion of the reclamation work described under each of the operations listed in the attached surety estimate labeled attachment one and dated August 20, 1980 shall be delivered to the Board within fifteen (15) days of completion of said work. The Board shall cause an inspection to be made of the completed work within fifteen (15) days of receipt of the certificate of completion, weather conditions permitting, and shall inform the Operator within fifteen (15) days of the inspection that the work has or has not achieved the objectives of reclamation defined in Section 40-8-12 of the Utah Mined Land Reclamation Act. No portion of the Escrow Fund shall be withdrawn or transferred unless all reclamation efforts which are technologically practicable in the opinion of the Board, have been made by the Operator to achieve the reclamation objectives with respect to the work described in each monthly



certificate. Written communications (from the Board) that said technologically practicable efforts have been made by the Operator shall be sole authorization for monies to be in part transferred or withdrawn from the Escrow Fund. After the completion of all work required by the Reclamation Plan, the Mined Land Reclamation Act and the rules and regulations adopted in accordance therewith, the Board agrees to give notice of termination of the Escrow Agreement to the Escrow Agent and to authorize repayment to the Operator of any deposit balance in excess of the actual reclamation expenditures.

7. The Board, in lieu of the posting of a bond or other surety, agrees to execute an Escrow Agreement with the Operator and any third party designated by said Operator.
8. Upon execution of the Escrow Agreement, the Operator agrees to furnish or to have the Escrow Agent furnish the Board with a copy of each receipt of deposit within ten (10) days of the date upon which the deposit is required to be made.
9. The Board and the Operator agree that failure by the Operator to make a deposit into the Escrow Fund within two (2) months of the date upon which such deposit is required, shall constitute a Breach of Contract and the Board may, after notice and hearing, declare all monies in the Escrow Fund forfeited and request the Attorney General to take the necessary legal actions to enjoin further mining activities by the Operator in the State of Utah.

IN WITNESS WHEREOF, the parties of the first and second parts hereto have respectively set their hands and seals this \_\_\_\_ day of \_\_\_\_\_, 1980.

RIO ALGOM CORPORATION

\_\_\_\_\_  
PRESIDENT

\_\_\_\_\_  
SECRETARY

BOARD OF OIL, GAS, AND MINING

NOTE: If the Operator is a corporation, the agreement should be executed by its duly authorized officer with the seal of the Corporation affixed.



BOND ESTIMATE

ATTACHMENT ONE

OPERATOR: Rio Algom Corporation File No. ACT/037/001  
 MINE NAME: Lisbon Mine (Two (2) shafts)  
 LOCATION: Sec. 21, 22, 27, 28 T.29 S., R.24 E., SLB&M  
 COUNTY: San Juan County, Utah  
 DATE: August 20, 1980

	OPERATION	AMOUNT	RATE	COST
A.	CLEAN-UP			
	1. Removal of structures & equipment.	30 hrs. crane	\$50.00	1,500.00
	2. Removal of trash & debris.			
	3. Leveling of ancillary facilities pads and access roads.			
B.	REGRADING & RECONTOURING			
	1. Earthwork including haulage and grading of spoils, waste and overburden.	40 hrs. Bulldozer grading	\$80.00/hr.	3,200.00
	2. Recontouring of highwalls and excavations.	600 yds. fill	\$ 3.00/yd.	1,800.00
	3. Spreading of soil or surficial materials.			
C.	STABILIZATION			
	1. Soil preparation, scarification, fertilization, etc.	1.72/acre N/A	\$175/acre	301.00
	2. Seeding or planting.			
	3. Construction of terraces, water-bars, etc.			
D.	LABOR			
	1. Supervision.	4 men, 48 hrs.	\$10.00/hr.	1,920.00
	2. Labor exclusive of bulldozer time.			
E.	SAFETY			
	1. Erection of fences, portal coverings, etc.	23-1/2 yds. concrete	\$60.00/yd.	1,410.00
	2. Removal or neutralization of explosive or hazardous materials.	1,149 #4 rein- forcing bar	\$ .30/lb.	344.70
		2,232 lbs. 12' WF 31 steel beams	\$ .30/lb.	669.60
		6,200 lbs. 12' I31 steel beams	\$ .30/lb.	1,860.00
			SUBTOTAL	12,704.30
F.	MONITORING			
	1. Continuing or periodic monitoring, sampling & testing deemed necessary.			
G.	OTHER			
	1. Inflation to 12/31/85.	5-1/4 years	at 13%/yr.	11,463.00
			TOTAL	24,167.00

This estimate is based upon surface capping of two 18 ft. diameter 12 inch concrete lined shafts. See attached Proposal for specifics of work on each shaft.



PROPOSAL - SURFACE CAPPING OF SHAFTS

Vent Shaft

Install reinforced concrete pad supported by 12" WF 31 steel beams. Include 6" capped pipe inspection window. Grade with well compacted fill. Remove debris, etc.

Cost

Crane - 10 hrs. @ \$50.00/hr.	\$ 500.00
Concrete - 7½ yds. @ \$60.00/yd.	450.00
Reinforcing - 457 lbs. #4 bar @ \$.30/lb.	137.10
12" WF 31 Steel Beams - 2,232 lbs. @ \$.30/lb.	669.60
Labor - 4 men, 16 hrs. @ \$10.00/hr.	640.00
Grading - 10 hrs. Bulldozer @ \$80.00/hr.	<u>800.00</u>

TOTAL \$3,196.70

Production Shaft

Install reinforced concrete pad supported by 12" I 31 beams. Include 6" capped pipe for inspection window. Pad to be installed at line of sub-collar.

Fill to level of main collar with spoil and grade with well compacted fill. Remove debris, etc.

Cost

Crane - 20 hrs. @ \$50.00/hr.	\$1,000.00
Concrete - 16 yds. @ \$60.00/yd.	960.00
Reinforcing - 692 lbs. @ \$.30/lb.	207.60
12" I 31 Steel Beams - 6,200 lbs. @ \$.30/lb.	1,860.00
Labor - 4 men, 32 hrs. @ \$10.00/hr.	1,280.00
Site Grading - 30 hrs. Bulldozer @ \$80.00/hr.	2,400.00
600 yds. fill @ \$3.00/yd.	<u>1,800.00</u>

TOTAL \$9,507.60

TOTAL 2 SHAFTS \$12,704.30

5½ yrs. @ 13% 11,463.00

TOTAL ESCROW ~~\$24,167.00~~

25,000

MS.